



The **objective** is clear.

A clear **idea** of your financial future **lights** the way to a dignified retirement.



Our Mission

To exceed customer expectations by providing outstanding benefit services through professional plan administration and sound investment practices.

Core Values

Quality

Strive to exceed the expectations of internal and external customers through innovation, competence, and teamwork. Seek to “do it right” the first time.

Respect

Be sensitive to the needs of others, both within and outside the organization. Be courteous, considerate, responsive, and professional.

Integrity

In all endeavors, act in an ethical, honest, and professional manner.

Openness

Be willing to listen to, and share information with, others. Be receptive to new ideas. Be trusting of others.

Accountability

Take ownership of and responsibility for actions and their results. Learn from mistakes. Control system risks and act to protect the security of member information and system assets.



Missouri State Employees' Retirement System

Mailing Address

PO Box 209 • Jefferson City, MO 65102-0209

Building Location

907 Wildwood Drive • Jefferson City, MO

October 20, 2009

Dear Members:

On behalf of the board of trustees, I am pleased to present the MOSERS *Summary Annual Financial Report* for the fiscal year ended June 30, 2009. This report provides summary information on the financial status of your retirement system while also highlighting changes that occurred during the year.

Your retirement system
remains well funded and
your promised benefits
are secure.

The system is continuing to weather the market downturn caused by the credit crisis and collapse of the residential real estate market in 2008. Although MOSERS' investments generated a return of -19.1% (net of fees) for the fiscal year, our actual return outpaced the policy benchmark by 0.6%, which resulted in over \$56 million generated for the fund above what would have been earned had the decision been made to invest the entire portfolio passively to match our policy benchmark.

For the ninth straight year, MOSERS' investments have generated returns in excess of the benchmark and have done so with less volatility than the benchmark. The incremental reward from these results over nine years has been \$1.4 billion in investment earnings for MOSERS' coffers.

Your retirement system continues to achieve high marks in the delivery of customer service to our members. One of the ways we measure our overall performance is through CEM Benchmarking Inc.'s Pension Administration Benchmarking Analysis. CEM evaluated 68 leading pension systems, including systems in the U.S., Canada, Australia, the Netherlands and Denmark, and identified 13 U.S. public pension plans as our most relevant peer group based upon membership size and system assets. The CEM survey rated MOSERS' service delivery as the highest in our peer group with lower than average costs. In addition, MOSERS received the highest overall service delivery rating in the entire CEM universe.

On behalf of the board, I wish to thank John Russell and Todd Smith for their many contributions to the system. John and Todd served as both legislative and governor appointed members and helped bring stability to the board over the years during times of great change. David Steelman and Travis Morrison joined the board earlier this year as newly appointed members and we look forward to continuing to work with them.

In closing, you can be assured that MOSERS' staff strives to provide the expertise and professionalism required for excellence in our retirement system. I thank them for continuing to maintain a high level of commitment to serving our membership and we look forward to meeting your future needs. If you have any questions regarding this report or any other aspect of MOSERS, please contact us at MOSERS, P.O. Box 209, Jefferson City, MO 65102 or call 1-800-827-1063. You may also visit our website at www.mosers.org.

Sincerely,

A handwritten signature in cursive script that reads "Wayne R. Bill".

Wayne Bill, Chair
Board of Trustees

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MO Relay: 7-1-1 (Voice) • (800) 735-2966 (TTY)
Email: mosers@mosers.org • Website: www.mosers.org



A clear **focus** on financial information to ensure full disclosure.

FINANCIAL STATEMENTS

Summary Comparative Statements of Plan Net Assets

	As of June 30, 2009	As of June 30, 2008	Amount of Change	Percentage Change
Cash and short-term investments	\$ 624,390,801	\$ 721,501,696	\$ (97,110,895)	(13.46)%
Receivables	50,537,236	99,212,664	(48,675,428)	(49.06)
Investments	5,644,811,509	7,356,225,040	(1,711,413,531)	(23.26)
Invested securities lending collateral	385,276,913	990,447,379	(605,170,466)	(61.10)
Capital assets	3,313,056	3,328,380	(15,324)	(0.46)
Other assets	85,515	83,927	1,588	1.89
Total assets	6,708,415,030	9,170,799,086	(2,462,384,056)	(26.85)
Administrative expense payables	1,606,040	1,320,282	285,758	21.64
Investment expense payables	0	35,094,903	(35,094,903)	(100.00)
Investment purchase payables	23,837,745	98,784,467	(74,946,722)	(75.87)
Securities lending collateral	441,487,337	1,006,614,299	(565,126,962)	(56.14)
Other liabilities	12,477,661	17,613,720	(5,136,059)	(29.16)
Total liabilities	479,408,783	1,159,427,671	(680,018,888)	(58.65)
Net assets	\$6,229,006,247	\$8,011,371,415	\$(1,782,365,168)	(22.25)%

The *Statements of Plan Net Assets* are summaries of what MOSERS owns and what it owes as of the end of the fiscal year.

Summary Comparative Statements of Changes in Plan Net Assets

	Year Ended June 30, 2009	Year Ended June 30, 2008	Amount of Change	Percentage Change
Contributions	\$ 283,094,964	\$ 279,108,667	\$ 3,986,297	1.43%
Investment income (loss) - investing activities	(1,530,053,487)	103,249,161	(1,633,302,648)	(1581.90)
Investment income - securities lending activities	5,829,390	8,442,627	(2,613,237)	(30.95)
Miscellaneous income	625,564	577,780	47,784	8.27
Total additions (reductions)	(1,240,503,569)	391,378,235	(1,631,881,804)	(416.96)
Benefits	534,698,643	501,911,976	32,786,667	6.53
Service transfers and refunds	0	251,443	(251,443)	(100.00)
Administrative expenses	7,162,956	7,017,758	145,198	2.07
Total deductions	541,861,599	509,181,177	32,680,422	6.42
Net decrease	(1,782,365,168)	(117,802,942)	(1,664,562,226)	1413.01
Net assets beginning of year	8,011,371,415	8,129,174,357	(117,802,942)	(1.45)
Net assets end of year	\$ 6,229,006,247	\$8,011,371,415	\$(1,782,365,168)	(22.25)%

The *Statements of Changes in Plan Net Assets* summarize the flow of money in and out of the fund during the fiscal year.



A clear assessment of the **global** economy to achieve future investment success.

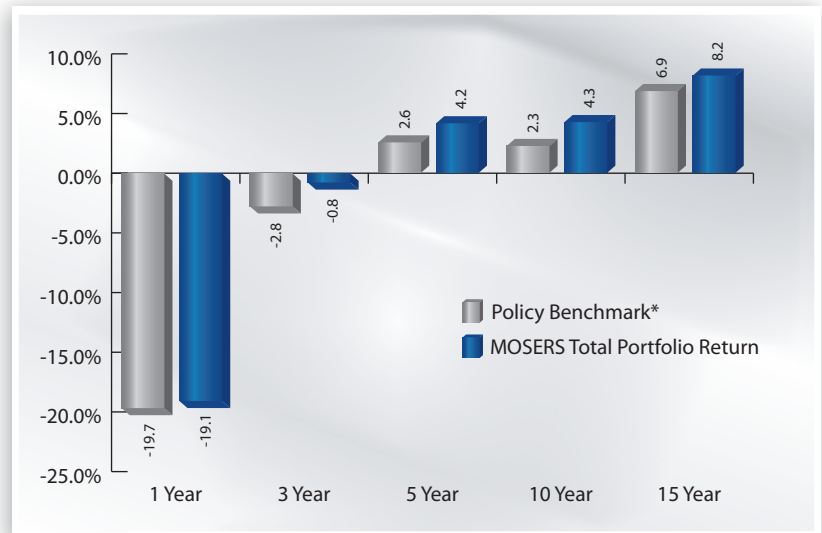
INVESTMENT PERFORMANCE

Investment Return

Comparing the actual investment return relative to specific benchmarks is one means of evaluating the fund's investment performance. The bar chart to the right illustrates MOSERS' actual fund return relative to our policy benchmark.

The total fund generated a return of -19.1%, net of expenses, in FY09. On a relative basis, the fund outperformed the policy benchmark by .6%.

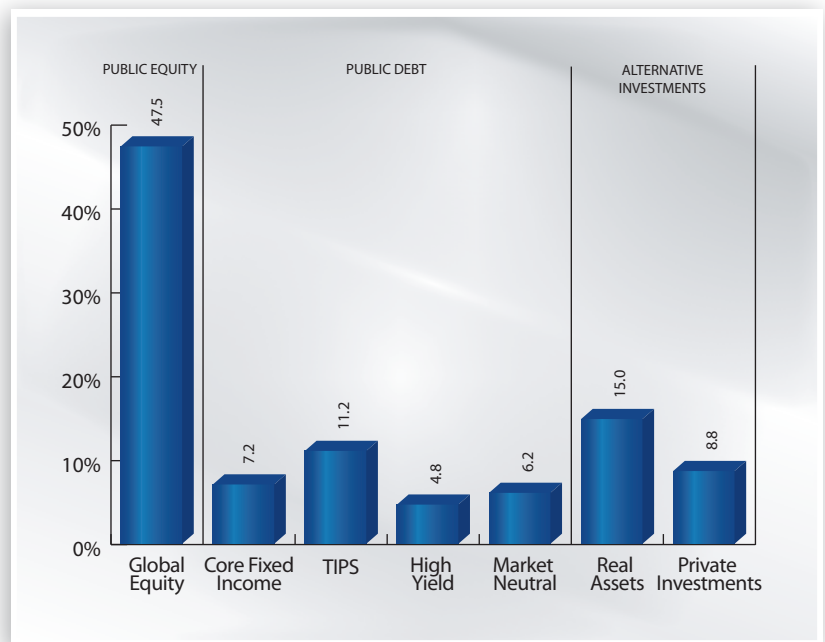
* The policy benchmark provides an indication of the returns that could be achieved (excluding transaction costs) by a portfolio invested passively in the broad market with percentage weights allocated to each asset class in MOSERS' policy asset allocation.



For the ninth straight year, MOSERS' investments generated returns in excess of the benchmark which has resulted in an additional \$1.4 billion for the fund.

Diversification of Plan Net Assets

The foundation of the system's strength and stability rests upon the diversification of plan assets. MOSERS never knows what the future will hold from the investment markets. As a result, the portfolio is structured to control risk under a variety of economic outcomes. Through the diversification of system assets, MOSERS is better able to minimize the overall risk of the portfolio while striving to reach its return objectives. As you will note from the bar chart to the right, MOSERS' investment program is widely diversified among a variety of asset classes with numerous holdings in each category.



MOSERS' investment portfolio is widely diversified to control risk under a variety of economic outcomes, which may play out over time.



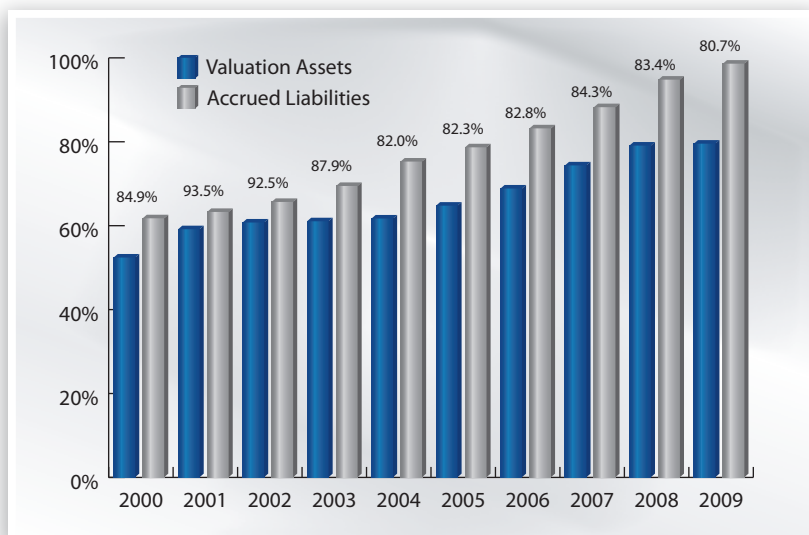
A clear funding **strategy** to ensure that retirement promises made will be paid.

ACTUARIAL SUMMARY

Retirement Funding (All Plans Combined)

Your retirement benefits are funded by contributions from the state of Missouri. In order to ensure your benefits are available to you, MOSERS is constantly evaluating the assets (blue bar) relative to the value of the liabilities (grey bar). The percentages shown in the bar chart to the right indicate the extent to which the system was funded as of a given year.

MOSERS plans were 80.7% funded at the end of FY09. Being over 80% funded is considered good.



Member Snapshot

June 30, 2009, Actuarial Valuations	MSEP*	Judicial Plan
Active Members		
Average age	45.3	55.4
Average years of service	10.8	11.8
Average annual salary	\$36,370	\$114,623
Retired Members		
Average age	69.1	74.9
Average annual benefit	\$14,709	\$51,740
Total Membership		
Active	55,057	397
Terminated-vested	17,259	45
Retired	31,637	463

* Includes members in both the MSEP and MSEP 2000.

Members Retiring During the Fiscal Year Ended June 30, 2009*

	Years Credited Service by Category							All Members
	<5	5-10	10-15	15-20	20-25	25-30	30+	
Average monthly benefit	\$ 111	\$ 292	\$ 489	\$ 748	\$1,226	\$1,637	\$2,191	\$ 976
Average final average salary	\$1,596	\$2,435	\$2,463	\$2,855	\$3,212	\$3,462	\$3,993	\$2,966
Number of retirees	1	461	391	322	416	388	180	2,159

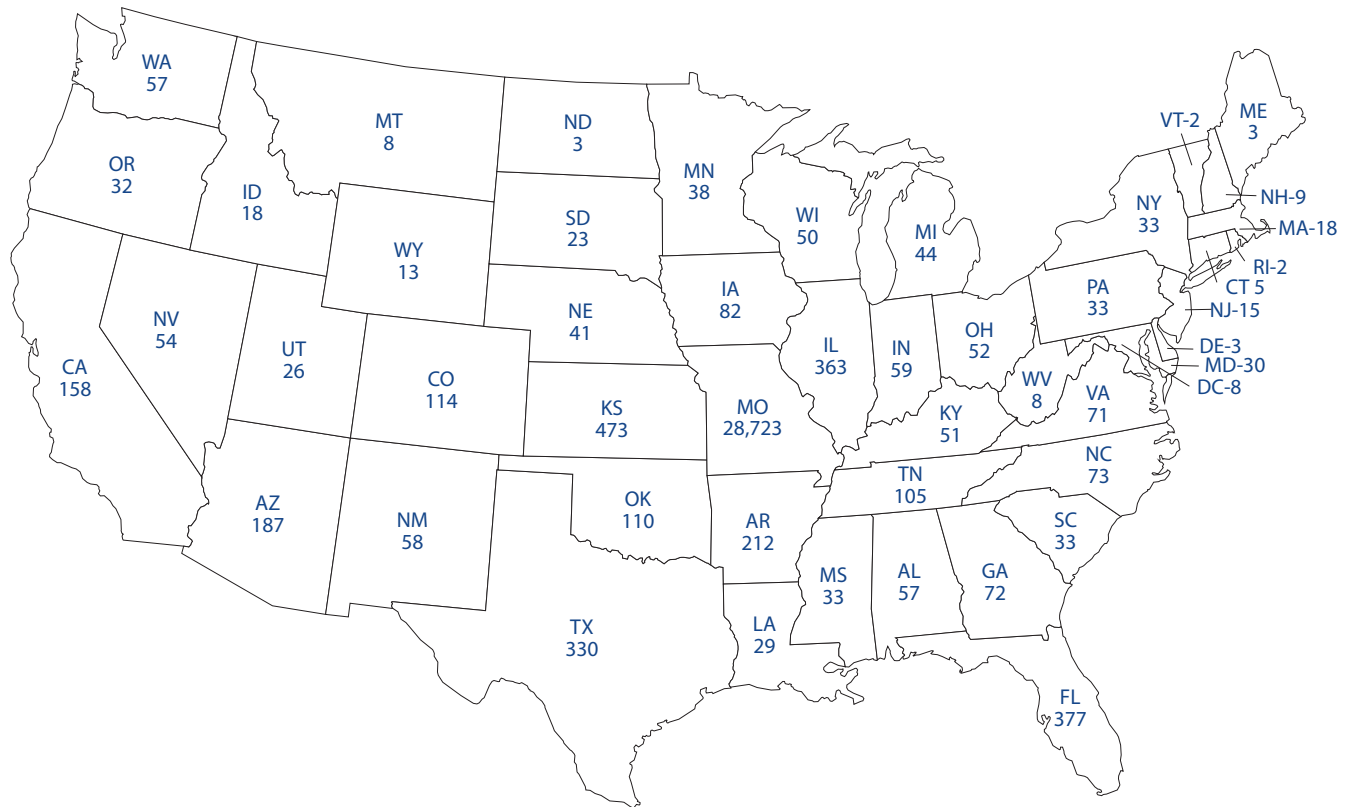
* Includes members in both the MSEP and MSEP 2000.



A clear measurement of **time** to assess the financial condition of the plan.

STATISTICAL INFORMATION

Distribution of Benefit Recipients by Location



Benefit Recipients Outside the Continental United States

8 - Alaska • 4 - Hawaii • 1 - APO • 1 - Australia • 1 - Belize • 4 - Canada • 1 - Colombia, South America
1 - Costa Rica • 2 - Germany • 1 - Guam • 1 - Ireland • 1 - Israel • 2 - Italy • 1 - Mexico • 1 - P.R. China
1 - Panama • 2 - Philippines • 1 - Sweden • 1 - Thailand • 1 - The Netherlands • 1 - United Arab Emirates
3 - United Kingdom • 1 - Wales UK

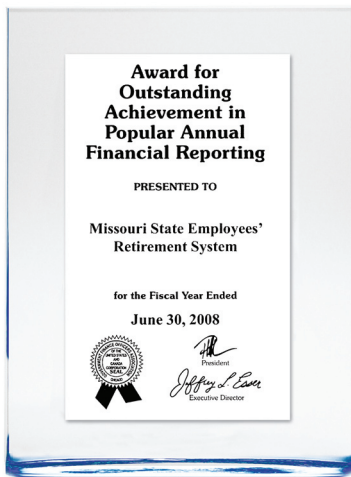
The map above shows the number of retirees, or their beneficiaries, residing in each state. Approximately 90% of MOSERS retirees live in Missouri. The annual retirement benefits paid to these individuals (about \$500 million) provide a steady, continuous and significant stimulus to Missouri's state and local economy.



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OUTSTANDING ACHIEVEMENT



The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Outstanding Achievement in Popular Annual Financial Reporting to MOSERS for its summary annual report for the fiscal year ended June 30, 2008.

This prestigious national award recognizes popular reports for creativity, presentation, understandability, and reader appeal and is valid for a period of one year. We believe the current summary annual report continues to meet these program standards and we are submitting it to the GFOA for evaluation.

This *Summary Annual Financial Report* is derived from the information contained in *MOSERS' Comprehensive Annual Financial Report* (CAFR) but does not include all funds administered by MOSERS or certain other information required for conformity with Generally Accepted Accounting Principles (GAAP). MOSERS' CAFR is produced in conformity with GAAP. Contact MOSERS to request a copy of the CAFR, or explore it on our website at www.mosers.org.

Contact Information

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To request an alternative format,
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MOSERS is an equal opportunity employer.